

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SS-15 SP-02 MMS-01 PM-03 L-03 EB-07

CU-02 INR-07 CIAE-00 DODE-00 ACDA-05 AGR-05 AID-05

COME-00 NSC-05 OMB-01 OPIC-03 PC-01 PER-01 TRSE-00

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FM AMEMBASSY ASUNCION

TO SECSTATE WASHDC 5093

C O N F I D E N T I A L ASUNCION 2240

E.O. 11652: GDS

TAGS: PFOR, PA

SUBJECT: CASP PRE-IG - PARAGUAY

REF: STATE 135035

1. MISSION STRONGLY OPPOSES ANY ABRUPT REDUCTION OF MAP-M SUCH AS DISCUSSED IN PRE-IG MEETING, I.E. FROM FY-75 LEVEL OF \$700,000 TO LESS THAN HALF THAT AMOUNT FOR FY-76 (\$300,000). IN CONSIDERING HOW TO ACHIEVE A GRADUAL REDUCTION, IG SHOULD BEAR IN MIND THE FOLLOWING FACTORS:

A. THE REAL VALUE OF MAP-M DELIVERIES MUST NOW BE REDUCED NOT ONLY BY AN ESTIMATED 10 PERCENT PER YEAR INFLATION RATE, BUT ALSO BY AN ESTIMATED 15 PERCENT OF VALUE FOR PCH&T. IN OTHER WORDS, OUR FY-75 PROGRAM OF \$700,000 HAS BOUGHT US ONLY \$520,000 WORTH OF DELIVERIES.

B. WE HAVE TAKEN THIS INTO ACCOUNT IN RECOMMENDING A MAP-M PROGRAM OF \$600,000 FOR FY-76 AND 77, EQUIVALENT (IN FY-75 TERMS) TO ONLY \$450,000 IN DELIVERIES. IN OUR VIEW, THIS REPRESENTS A TRULY GRADUAL REDUCTION.

C. AN ABRUPT REDUCTION TO \$300,000 IN FY-76 WOULD BUY US A PROGRAM EQUIVALENT TO ONLY \$225,000 IN FY-75 TERMS. THIS WOULD EFFECTIVELY SCUTTLE

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OUR LARGELY CIVILIAN-ORIENTED INTERNAL COMMUNICATIONS

MODERNIZATION EFFORTS (NOT MERELY CONFINED TO AIRCRAFT MAINTENANCE BUT ALSO INVOLVING ROAD BUILDING AND RIVER TRANSPORT), WHICH ARE OF SUCH SIGNAL IMPORTANCE TO PARAGUAY'S DEVELOPMENT, AND LEAVE US A PROGRAM WITHOUT COHERENCE.

D. SUCH A DRASTIC SWITCH TO A MICROSCOPIC PROGRAM WOULD WIPE OUT THE IMPORTANT POLITICAL BENEFITS WE DERIVE FROM (AND WHICH ARE THE ONLY REAL JUSTIFICATION FOR) THE PRESENT ALREADY VERY MODEST MAP PROGRAM. THE JUSTIFICATION FOR THE MAP IS THOROUGHLY EXPLAINED IN THE AMBASSADOR'S OVERVIEW STATEMENT IN THE CASP.

2. AN INCREASE IN FMS CREDIT LEVELS TO OFFSET REDUCTIONS IN MAP-M (AS PROPOSED IN THE PRE-IG) WOULD NOT RPT NOT SOLVE THE PROBLEM OF PARAGUAY'S CURRENT NEEDS. ALTHOUGH THE GOP MAY FROM TIME TO TIME BE ABLE TO MAKE ONE-SHOT PURCHASES (E.G., ITS CURRENT INTEREST IN OBTAINING \$1 MILLION WORTH OF ENGINEERING/ROAD BUILDING EQUIPMENT), IT HAS NO AVAILABLE RESOURCES FOR A SUSTAINED PURCHASE PROGRAM. THE GOP WOULD NOT BE ABLE TO MAKE USE OF SUCH AN OFFER. IN THIS CONNECTION, THE MISSION CONSIDERS IT UNREALISTIC TO THINK IN TERMS OF PARAGUAY'S BECOMING MILITARILY SELF-SUFFICIENT IN THE FORESEEABLE FUTURE, AS ANTICIPATED IN DECISION MEMORANDUM NO. 5 IN THE FY-75 CASP. (THE ANTICIPATED BENEFITS OF SEVERAL HYDROELECTRIC PROJECTS ARE STILL AT LEAST TEN YEARS OFF, AND THEREFORE IRRELEVANT TO THE CASP TIME FRAME.)

3. THE MISSION URGES THE IG TO CONSIDER THE BASIC ISSUE INVOLVED HERE: IF WE ARE TO HAVE A MAP AT ALL REGARDLESS OF THE EVENTUAL CUT-OFF DATE, THERE IS A BOTTOM LIMIT IN MAP-M BELOW WHICH WE CANNOT LOGICALLY GO AND RETAIN ANY KIND OF MEANINGFUL PROGRAM HERE. GIVEN FACTORS SUCH AS PCH&T AND INFLATION, PARAGUAY'S BASIC (IF MODEST) NEEDS AND ITS LACK OF CAPITAL, WE BELIEVE THE ABSOLUTE MINIMUM MAP-M TO BE ABOUT \$600,000. A PROGRAM SET AT THIS LEVEL WILL IN FACT INVOLVE GRADUALLY DIMINISHING

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DELIVERIES, BUT NOT BELOW THE POINT WHERE THE PROGRAM COMPLETELY LOSES ITS RAISON D'ETRE.

4. COMMENTS ON OTHER SECTIONS OF REFTTEL BY SEPTTEL.  
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## Message Attributes

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